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Statitrol Corporation

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MINUTES OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF
STATITROL CORPORATION

A special meeting of the Board of Directors of Statitrol Corporation was held at the offices of the company at 1030 West Ellsworth Avenue, Denver 23, Colorado on Monday, October 17, 1966, commencing at 11:00 o'clock A.M. pursuant to the Waiver of Notice attached to these minutes.

Present were: Duane D. Pearsall and C. R. Bootz.

Absent, but ratifying the action of the Directors by approval of these minutes, were Jack R. Wilson, Don G. Coumbe and Paul F. Schmidt.

Mr. Pearsall was elected as Chairman of the meeting and announced the following matters for consideration by the Board of Directors; to-wit:

1. Consideration of the proposed loan from Central Investment Corporation of Denver authorizing the Company to borrow up to \$250,000.00 in accordance with the terms of a loan agreement to be dated as at October 24, 1966, and
2. Consideration of, and authorizing the Company to enter into an agreement for, the purchase of 38,680 shares of this Company's common stock from Powers Regulator Company, and
3. Consideration of, and authorizing the appropriate officers of this Company to execute on its behalf, a contract and agreement with Honeywell, Inc. concerning the purchase of devices and equipment by Honeywell to be produced and manufactured by Statitrol.

As the first order of business, the Directors considered and discussed in detail the proposed financing from Central Investment Corporation of Denver. Copies of the proposed loan agreement, detachable warrant to purchase 12,500 shares, proposed closing memorandum, proposed form of required corporate resolution, proposed form of promissory note, proposed form of stockholders' agreement, proposed form of pledge agreement, and proposed form of opinion required by borrower's counsel, were all reviewed in detail. After full discussion, and upon unanimous vote, the following resolution was adopted:

RESOLVED, That the officers of this Company are hereby authorized and directed to execute and deliver to Central Investment Corporation of Denver, in substantially the form presented to this meeting, the proposed form of loan

agreement, and the note, warrant, security instruments and other documents contemplated by the Loan Agreement, providing for an investment by Central Investment Corporation of Denver in the Company in the aggregate amount of \$250,000.00, of which \$25,000.00 shall be represented by a five-year installment loan in that amount, with principal payments during the first year being deferred, bearing interest at 10% per year, \$125.00 shall be the purchase price of a warrant to purchase 12,500 shares of the common stock of the company exercisable for a period of seven years at a price of \$2.00 per share, and the balance of \$225,000.00 shall consist of the commitment of Central Investment Corporation to furnish additional funds up to but not exceeding that amount in accordance with the terms of the Loan Agreement, and the sum of \$208.58 shall be the consideration for the issuance of additional detachable stock warrants to purchase 20,858 shares of the common stock of the company exercisable for a period of seven years at a price of \$2.00 per share, and further

RESOLVED, That the execution and delivery by the officers of this company as security for payment of the loan, of financing statements, security agreements, and similar documents of collateral, as provided for under the Uniform Commercial Code of Colorado, upon the terms and in accordance with the provisions of the Loan Agreement which is attached to these minutes, is hereby authorized and approved;

FURTHER RESOLVED, That the company hereby creates common stock purchase warrants covering the right to purchase 33,358 shares of common stock of the company in accordance with the terms of the Loan Agreement and Exhibit B thereto, and further

RESOLVED, That 33,358 shares of the authorized but unissued shares of common stock of the company are hereby reserved for sale to the holders of the aforesaid common stock purchase warrants, or their assigns, such shares to be used only for issuance upon exercise of the warrants, and further

RESOLVED, That the officers of the company are hereby authorized and directed to issue and sell 33,358 shares of the common stock of the company at a price of \$2.00 per share to Central Investment Corporation of Denver in accordance with the terms of the Loan Agreement (and the aforesaid stock purchase warrants), and further

RESOLVED, That the officers of the company are hereby authorized and directed to do any and all such other things as may be necessary or appropriate to obtain the aforesaid financing in accordance with the terms of the Loan Agreement and the instruments referred to therein and to execute and deliver such other documents and cause the company to comply with such terms and conditions thereof as may be provided in or contemplated by the Loan Agreement and related instruments.

As the next order of business, Mr. Pearsall, as Chairman of the meeting, proposed to commit this company to an Agreement to purchase from Powers Regulator Company the total of 38,680 shares outstanding in the latter's name, for a total price of \$150,000.00, in addition to making immediate arrangements to retire this company's indebtedness to Powers Regulator Company in the principal amount of \$16,000.00, plus interest accrued thereon. Mr. Pearsall proposed that the company's resolution committing it to effect the purchase of the foregoing shares of stock from Powers Regulator Company be made conditioned upon, and exercisable at the time of, approval by Underwriters Laboratories, Inc. of the application for Underwriters' approval of the Series 500 (Blackwell) Fire Detector.

Whereupon, after full discussion and upon unanimous vote, it was:

RESOLVED, That the appropriate officers of this corporation be and hereby are authorized to enter into an agreement with Powers Regulator Company committing Statitrol Corporation to purchase from Powers Regulator Company the 38,680 shares of this company's capital stock held by Powers Regulator Company for a total purchase price, payable upon closing of the Stock Purchase Agreement, of \$150,000.00, conditioned, however, upon the receipt

by this company of approval of Underwriters Laboratories, Inc. of Statitrol's application for said Underwriters' approval of its Series 500 (Blackwell) Fire Detector.

FURTHER RESOLVED, That the purchase of the shares outstanding in the name of Powers Regulator Company, pursuant to the foregoing, shall be conditioned upon the closing of the loan with Central Investment Corporation of Denver, and the advancement, pursuant to its commitment, of funds sufficient to cover the total purchase price for such shares, as referred to in the Loan Agreement attached to these minutes.

FURTHER RESOLVED, That the officers of this company are hereby authorized and directed to do any and all such other things as may be necessary or appropriate to conclude the purchase of such shares of stock from the Powers Regulator Company pursuant to the foregoing resolution, and in accordance with the stock Purchase Agreement, which the appropriate officers of the company be, and hereby are authorized to enter into committing this company to purchase such shares in accordance with the foregoing.

As the final order of business, Mr. Pearsall, as Chairman, read to the Board in detail the proposed Agreement submitted to Statitrol by Honeywell, Inc. on September 13, 1966, appointing Honeywell, Inc. as Statitrol's exclusive agent to market Statitrol's Fire Detector Equipment. After discussing the Agreement in detail, and upon Mr. Pearsall's report of his activity in negotiating this agreement including the conference between Mr. Pearsall and the company's attorney, Mr. Horan, with the Honeywell people at their home office in Minneapolis on August 10, 1966, and further after discussion of the ensuing correspondence relating to modifications of the proposed draft resulting in the final form of proposed Agreement, as submitted by Honeywell under date of September 13, 1966, it was:

RESOLVED, That Statitrol Corporation be and hereby is authorized and directed to cause its appropriate officers to execute on behalf of this corporation, and to deliver to Honeywell, Inc., the Agreement appointing Honeywell, Inc.

as Statitrol's exclusive agent to market Statitrol's Fire Detection equipment. ✓

FURTHER RESOLVED, That the Secretary shall attach a duly executed copy of such Agreement to these minutes.

FURTHER RESOLVED, That the officers of this company are hereby authorized and directed to do any and all such other things as may be necessary or appropriate to implement, and carry out this Agreement with Honeywell, Inc., according to its terms.

After reviewing this Board of Director's action pursuant to the foregoing, Mr. Pearsall called for a resolution directing the company's Treasurer to return to, and reclassify as, authorized and unissued shares, all of the 38,680 shares to be purchased from Powers Regulator Company, upon delivery of those shares by the purchaser to the company at the time of execution of the Purchase Agreement, so that such shares may be retained as authorized but unissued shares, and available for reissuance and delivery in fulfillment of any and all exercise of the detachable stock purchase warrants that may be issued to Central Investment Corporation of Denver, or its assigns. Whereupon, it was, by unanimous vote:

RESOLVED, That upon closing of this company's Agreement to Purchase 38,680 shares of issued and outstanding capital stock now registered in the name of Powers Regulator Company, such shares upon delivery to the company be returned, and reclassified, as authorized but unissued shares.

FURTHER RESOLVED, That the Treasurer of the company be and hereby is authorized to take all action necessary to conclude the purchase of the foregoing shares and to retire such shares as aforesaid.

Prior to adjournment, Mr. Pearsall, as Chairman, moved for formal Board ratification of the appointment of Lyman L. Blackwell as Secretary for this company pursuant to the Directors' letter authorizing this appointment which is attached to these minutes.

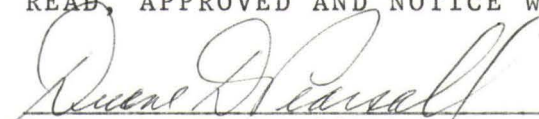
Mr. Bootz observed that the position of Mr. Pearsall as President and also as Treasurer of the company should be reconfirmed by the Board of Directors; and moved that Mr. Blackwell also be appointed as the company's Vice-President, in order to provide this company with a full staff of officers, effective immediately upon the approval of all Directors of these minutes. By unanimous agreement of all Directors, it was decided that the office of Executive Vice-President, as authorized by the By-Laws, should remain vacant, indefinitely, subject to being filled by appropriate future action of the Board of Directors. Whereupon, upon nomination and unanimous vote, the ballot being dispensed with, the following were reconfirmed as, or elected to, the offices set opposite their name; to-wit:


President	-	Duane D. Pearsall
Vice-President	-	Lyman L. Blackwell
Treasurer	-	Duane D. Pearsall
Secretary	-	Lyman L. Blackwell

There being no further business to come before the meeting, the same was, upon motion, duly adjourned.


Lyman L. Blackwell, Secretary


READ, APPROVED AND NOTICE WAIVED:


Duane D. Pearsall


Jack R. Wilson


C. R. Bootz


Don G. Coumbe


Paul F. Schmidt

WAIVER OF NOTICE OF SPECIAL MEETING
OF BOARD OF DIRECTORS OF
STATITROL CORPORATION

We, the undersigned, being all of the Directors of Statitrol Corporation, a corporation organized under the laws of the State of Colorado, do hereby waive all notice of a special meeting of the Board of Directors to be held at the offices of the company on October 17, 1966 commencing at 11:00 o'clock A.M. for the following purposes:

1. To authorize the company to enter into a financing arrangement with Central Investment Corporation of Denver, Colorado, contemplating the commitment by the latter of loans and the purchase of stock warrants from the company in the approximate amount of \$250,000.00.

2. To authorize Statitrol Corporation to purchase from Powers Regulator Company the 38,680 shares of this company's stock outstanding in the name of Power Regulator Company, and


3. To authorize Statitrol Corporation to enter into an agreement with Honeywell, Inc. appointing the latter as Statitrol's exclusive agent to market and distribute this company's fire detection units and systems, and ✓

4. To re-elect or reconfirm, all existing offices of this company.

5. To transact such other business as may properly come before the meeting.

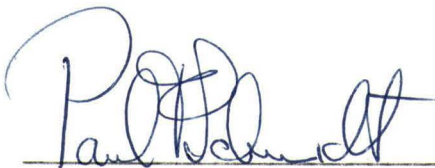
Dated this 17th day of October, 1966.


Duane D. Pearsall


Jack R. Wilson


C. R. Bootz


Don G. Coumbe


Paul F. Schmidt